



COVERSHEET

Minister	Hon Kris Faafoi	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Regulations to support Financial Services Legislation Amendment Act 2019 Paper 1: financial advice licensing fees and FMA levy	Date to be published	June 2019

List of documents that have been proactively released

Date	Title	Author
June 2019	Cabinet paper: Regulations to support Financial Services Legislation Amendment Act 2019 Paper 1: financial advice licensing fees and FMA levy	Office of Minister of Commerce and Consumer Affairs
June 2019	Cabinet minute: Regulations to support Financial Services Legislation Amendment Act 2019 Paper 1: financial advice licensing fees and FMA levy	Cabinet Office

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982.



Cabinet Economic Development Committee

Minute of Decision

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Regulations to Support the Financial Services Legislation Amendment Act 2019 (Paper 1): Licensing Fees and Levies

Portfolio Commerce and Consumer Affairs

On 12 June 2019, the Cabinet Economic Development Committee (DEV).

- 1 **noted** that the Financial Services Legislation Amendment Act 2019 (the 2019 Act) introduces a new regulatory regime for financial advice;
- 2 **noted** that in the new regulatory regime:
 - 2.1 anyone who gives regulated financial advice to retail clients will need to operate under a licence granted by the Financial Markets Authority;
 - 2.2 the Financial Markets Authority is able to recover the costs of licensing from applicants;
- 3 **noted** that on 5 December 2018, DEV agreed to the release of a discussion document on proposed fees and levies relating to the new financial advice regime, and invited the Minister of Commerce and Consumer Affairs to report back on the outcome of the consultation and with final policy proposals [DEV-18-MIN-0275.01];
- 4 **agreed** to introduce licensing fees for applicants of a market services licence to provide a financial advice service, as set out in Appendix 1 to the paper under DEV-19-SUB-0154;
- 5 **agreed** that an additional fee of \$38.75 (GST exclusive) be charged for each authorised body named in a transitional licence application, and \$155.00 (GST exclusive) be charged for each authorised body named in a full licence application;
- 6 **noted** that the Financial Markets Authority is part industry funded via a levy charged to financial service providers;
- 7 **noted** that the 2019 Act removes the current categories of financial advisers;
- 8 **agreed** to amend the levies set out in the Financial Markets Authority (Levies) Regulations 2012, as set out in Appendix 2 to the paper under DEV-19-SUB-0154;
- 9 **agreed** that the maximum total levy payable by a financial advice provider (in respect of their financial advice service) be \$80,000;

- 10 **agreed** to provide relief to financial advice providers who currently rely on the sole adviser exemption so that they are not required to pay the levy of \$460.00 on the initial registration as a financial advice provider, if continuing to operate as a single adviser business;
- 11 **agreed** to amend the process for how authorised bodies are levied so that the levy payable by licensees takes into account the full extent of their business, including services provided by authorised bodies;
- 12 **authorised** the Minister of Commerce and Consumer Affairs to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;
- 13 **authorised** the Minister of Commerce and Consumer Affairs to make minor or technical changes to the licensing fees and the Financial Markets Authority's levy model consistent with the policy decisions in the paper under DEV-19-SUB-0154.

Janine Harvey
Committee Secretary

Present:

Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon Dr Megan Woods
Hon Iain Lees-Galloway
Hon Jenny Salesa
Hon Shane Jones
Hon Kris Faafoi
Hon Willie Jackson
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Commerce and Consumer Affairs